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Farmers are likely to post a new production record during 1951.

At mid-year, prospects were that the volume of commodities farmers produce for sale or use in the farm home would be higher than in 1950 and above the 1949 peak. Crops will account for most of the gain over last year but output of livestock and products also will be up slightly.

The supply of food for civilians probably will be a little larger in the second half of the year than in the last 6 months of 1950. This will help take some of the upward pressure off food prices.

Prices received by farmers for food commodities probably will not change much during the next few months. Under the recently amended Defense Production Act, price control standards for farm products generally will be about the same as those in effect the last few months. However, a provision of the new act in effect prevents the beef and cattle price rollbacks that had been scheduled for August 1 and October 1. Furthermore, the new act relaxes limitations on processing and marketing margins of all materials, including food. Consequently, farm-to-retail price spreads may widen.

The favorable production outlook for 1951 is mainly responsible for the decline in farmers' prices in the last few months. The downtrend continued from mid-June to mid-July with the index of prices received by farmers dropping a little over 2 percent. It is now 6 percent below the February peak.

With the parity index holding steady the last month, the parity ratio again dropped. Farmers' prices now average 4 percent above parity compared with 7 percent above in mid-June and 3 percent above a year ago.

Wholesale prices also continue to drift lower. A further weakening in recent weeks brought the level 3 percent below the peak last spring.

Although consumer income continues to rise, consumers are spending less than they did last winter. Consequently, inventories in the hands of both retailers and manufacturers have been built up.

Other measurers of economic activity indicate little slackening in the near future. With the defense program still growing, industrial production, construction and employment continue near record levels.

Foreign nations imported 1,664 million dollars worth of U. S. farm products in the first 5 months of 1951, 41 percent more than in the same months of 1950. Around a third of the gain represented an increase in quantity; the remainder higher prices.

FARM INCOME During the first 7 months of this year, farmers' receipts from marketings amounted to 17 percent more than a year earlier. Farm cost rates are up an average of 12 percent.

LIVESTOCK AND MEAT Continued growth in the U. S. livestock population is a probable result of the generally good pastures and ranges and the big supply of feed grains in prospect. Farmers are expected to add $5\frac{1}{2}$ to 6 million head of cattle to their herds this year and plans for a larger fall pig crop probably will be carried out. Numbers of sheep and lambs also are being built up.

More meat animals will mean more meat for consumers—but not this year. Cattle slaughter in the last half of 1951 may about equal a year earlier but in the first half it was down 9 percent. There will be less veal, lamb and mutton. Pork production has been running well above a year ago and will continue to do so through 1951. All in all, consumers probably will eat about the same amount of meat per person this year as they did in 1950.

DAIRY PRODUCTS With pastures providing excellent grazing, milk production in May and June was up slightly from a year ago. Total for first 6 months, however, was down a little from last year. For 1951 as a whole, output is expected to be around 120 billion pounds compared with 120.6 for 1951.

Dairy product-feed price ratios recently became more favorable to milk producers. But dairy prices have risen less than the average for all farm products in the last year and continue low compared with prices for meat animals.

POULTRY AND EGGS Slightly fewer layers are producing more eggs this summer than last. But even with larger supplies, strong demand is keeping prices well above a year earlier when they were at the lowest summertime levels of the postwar period.

The number of young chickens on farms in 1951 is estimated to be 5 percent above last year. But chicks were placed on farms later than usual which means egg production by pullets will not reach a large volume until fairly late in the fall.

FATS AND OILS Prices of most fats and oils continued to go down in July. Cottonseed, peanut, soybean and corn oils are now 30 percent to 40 percent below February peaks.

Record edible vegetable oil production is likely in 1951. The cotton acreage is up 58 percent from last year and crops of soybeans and peanuts are expected to again be large.

FEEDS Feed crop prospects on July 1 indicated that the total feed concentrate supply in 1951-52 will be around 183 million tons for the third successive year. Before 1949, the high point was 172 millions in 1942.

The supply of feed grains—estimated at 127 million tons—will be large enough to permit the livestock population to continue the increase in prospect. However, another reduction in stocks is likely at the end of the 1951-52 feed year.

WHEAT A slight reduction in the wheat carryover is likely when the current season ends next July 1. Total supplies are estimated at 1,505 million bushels—fourth largest—and are made up as follows: the 1951 crop estimated on July 1 at 1,070 million bushels; imports of 40 million bushels of feeding quality wheat from Canada, and July 1, 1951 carryover of 395 million.

Of the supply, 755 millions is expected to be used in the U. S. If exports total about same as the 364 millions estimated for 1950-51, stocks at season's end would amount to 385 millions.

FRUIT Prices at about 1950 levels are expected for most deciduous fruits in August and September. Total production of 8 major crops is up 11 percent from 1950, according to July estimates, but demand is expected to be stronger.

Larger packs —frozen, canned and dried—than in 1950 are expected for this year's fruit crops.

VEGETABLES The tomato, sweet corn and snap bean crops are expected to be up substantially and prices probably will be moderately lower. The opposite situation is in prospect for lettuce, cabbage and cantaloup.

POTATOES With the potato crop expected to be down 84 million bushels from 1950, prices for the season may average somewhat above those of last year.

The sweetpotato crop for this year is expected to be off a third from 1950 and the smallest since 1887. Among the reasons for the decline in acreage devoted to the crop are competition from other crops, the weevil problem and the scarcity of labor.

COTTON Spot cotton prices dropped 6.85 cents from July 2 to July 17. This was the first time they have been below ceilings since the futures markets were re-opened on March 8. Average prices paid farmers for cotton also were off in recent weeks, dropping from 42.02 cents on June 15 to 39.11 cents a month later.

WOOL Farmers' prices for wool continued downward the last month, falling nearly 15 cents a pound from mid-June to mid-July. At 86$\frac{1}{2}$, however, the average price was almost 28 cents above a year earlier.

TOBACCO Auctions in Georgia and Florida for Type 14 flue-cured opened on July 19. Prices through the end of the month averaged 51 cents, about the same as a year earlier. The flue-cured crop on July 1 was expected to be up 14 percent from 1950 and a new record.